

## **FISCAL NOTE**

TO: Chief Clerk of the Senate  
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: February 12, 1996

SUBJECT: **HB 2289 - SB 2821**

This bill, if enacted, will authorize each local education agency (LEA) to offer interest free loans to teachers who wish to obtain a master's or doctoral level degree at any state college or university in the subject area in which such person teaches.

If the LEA elects to offer such loans, the LEA shall establish an education loan revolving fund from revenues received from gifts, grants and state and local government appropriations.

The loans shall not be due and payable until the person obtains the degree being sought. All funds received for the loan repayment shall be deposited in the education loan revolving fund.

If the person does not continue to teach, the LEA may require the loan to be repaid in full or allow repayment in an amount equaling two-thirds of any annual salary such person would have received for obtaining the advance degree plus interest.

If a person relocates to a different LEA, the LEAs may enter into an agreement for repayment. In the absence of such an agreement, the LEA which authorized the loan shall have the authority to force payment of

the loan and collect the balance due in the same manner as provided by law for the collection of debts.

The fiscal impact on local governments from enactment of this bill in and of itself is estimated to be minimal since the provisions of the bill are permissive.

However, to the extent LEAs choose to offer interest free loans to teachers, local government expenditures will increase. Such increase cannot reasonably be determined since the number and amounts of such loans that will be made is unknown but can reasonably be estimated in the long run to exceed \$100,000 annually.

In addition, enactment of the bill will result in an increase in local government revenue. Such increase cannot reasonably be determined since the number and amounts of gifts, grants and appropriations made to the Fund is unknown. However, such increase can reasonably be estimated in the long run to exceed \$100,000 annually.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first name "James" being the most prominent.

James A. Davenport, Executive Director